The CARES Connection

Our Process

Want to Retire Early? Think Again

Some people consider "early retirement" to mean leaving the workforce at age 55. But most of us don't. Unless you're lucky enough to have a full pension and benefits that kick in at that age (say, if you worked in the military, or as a police officer or firefighter), you'll probably need to work another decade to accrue enough money for a comfortable retirement. In that case, retirement at 62 would qualify as early. Of course, you may *want* to work even longer, just to keep your mind and body active and extend your life. Should the idea of retiring early sound irresistible to you, think again. Here are some practical reasons *not* to take early retirement.

1. You may not have saved enough.

If you're a typical baby boomer, you might have started your family late, and now that you're nearing retirement age you may still have kids in college. You could also have aged parents who need help paying high medical bills or nursing-home fees. Maybe you have a high mortgage and credit card debt. If you're planning to stay in your home and maintain your existing standard of living, you need to take a cold hard look at your expenses and the size of your nest egg.

2. You may outlast your savings.

An estimate of your life expectancy is listed on your Social Security statement, or you can get it by logging on to Social Security and entering your gender and year of birth. But your personal life expectancy might differ from that for a variety of reasons. Let's say your family has a history of longevity, and you look after yourself – eating a healthy diet, getting plenty of exercise and taking your medications as prescribed. You have to factor that into how long your savings will last. You might want to wait till age 70, when you can collect your maximum Social Security benefit. According to the Social Security Administration, more than one in three 65 year olds today will live to age 90, and more than one in seven will live to age 95. The average monthly benefit for retirees in 2016 is only $1,335 per month or $16,020 per year, notes Kathryn Hauer, CFP, author of Financial Advice for Blue Collar America. "That amount is not very far above the 2016 federal poverty line amount for one person of $11,880. For retirees with no savings and no pension, it would be tough to meet basic living expenses on Social Security income alone." For 2017, the monthly benefit is $1,410.

3. You'll miss the work stress.

Sure, you'll be escaping the daily grind, but stress can be a good thing. A report about a study at Stanford University highlighted some of the positive aspects: "Hormones released under stress help the body cope, sharpen cognitive functioning and speed up the brain." What's more, stress can "help people grow by developing mental toughness, new perspectives and greater connections with others." Doesn't that sound a lot better than crossword puzzles to keep the brain sharp?

4. You might not be able to afford your bucket list.

The more you put away, the more you can pamper yourself in your retirement years. Sure, Cape Cod is nice, but what about going on safari in Tanzania? Taking a Caribbean cruise or sailing the Mediterranean? If you stay in the workforce, you could grow your 401(k) savings significantly – and then live out your dreams.

5. Your Social Security benefits will be diminished.

You probably already know that if you start collecting at the earliest opportunity, at age 62, you won't receive everything you're entitled to. Waiting till your full retirement age of 66 (67 for those born in 1960 and later) will get you about 32% more each month; waiting till you're 70 could mean that you collect more than 50% more than if you'd started at 62.

But retiring early can affect the dollar value of your benefits in other ways. (continued on pg. 2)

6 Home Renovations You Think Will Pay Off But Won't

Don't expect a big return on most home improvement investments.
When setting out to improve your home, you're usually motivated by making the space more comfortable for your family. You justify the expense by saying that the project will inevitably add value to your home. But most home improvements don't add as much value to your home as you spend on the project, at least if you're going to sell soon. Remodeling magazine's 2017 Cost vs. Value report, which analyzed 29 projects in 99 U.S. markets, found the only improvement that added more value than it cost, using a national average, was adding insulation to the attic. Smaller, less expensive projects like adding a new steel door tended to bring a better rate of return than large, high-priced projects like a master suite addition.

ROI varies by project and location.
Exactly which renovations will add value depends on where you live -- not just your city or region but your neighborhood. Installing a feature that people in your neighborhood expect (and need) is more likely to pay off than adding high-end features not found in most other homes. And adding square footage to a small home in a neighborhood of larger homes is more likely to pay dividends than making your home the largest in the neighborhood. The Cost vs. Value report also estimates costs on the high end, so in some cases a more modest version of projects may yield as much or more value than going all out.

Adding an in-ground pool.
The average cost for homeowners to add a pool was $41,975, according to reports by HomeAdvisor.com customers. In most markets, you're unlikely to be adding nearly that much to your home's value. While a pool is more likely to be prized in an area where the weather is warm and most nearby homes have pools, even in those neighborhoods it typically doesn't boost the value anywhere near what it cost to install it. The Cost vs. Value report does not include pools.

Gourmet kitchen renovation
Redoing your kitchen with high-end finishes and professional appliances might look great, but it won't yield nearly what you spent when you go to sell. According to the Cost vs. Value report, a major kitchen remodel added 65.3 percent of its $62,158 cost to a midrange home and 61.9 percent of its $122,991 cost to an upscale home. A minor kitchen remodeling project -- replacing some appliances, laminate countertops and cabinet doors -- had a much better return on investment, returning 80.2 percent of its cost in value to a midrange home.

Patio or deck
You might think that adding a patio would significantly boost a home's value. But the Cost vs. Value report calculated that adding a 20-by-20-foot flagstone patio, with new sliding-glass doors, a fire pit, pergola and outdoor kitchen, would return only 54.9 percent of its $51,985 cost for a midrange home. A more modest 16-by-20-foot deck addition fared better, returning 65.2 percent of the $17,249 cost of a composite deck and 71.5 percent of the cost of a $10,707 wood deck, both for a midrange house.

Master suite addition
In general, it's hard to get your money back from an addition because the project is so costly. Remodeling magazine estimates the cost of a midrange master bedroom addition at $119,533 and predicts that it will add only $77,506 to the home's value, or 64.8 percent of its cost. On an upscale home, the project would return 59.9 percent of its $250,687 cost.

Adding a bathroom.
Another bathroom would really increase your home's value, right? Well, the Cost vs. Value report found that a bathroom addition added only 64.8 percent of its $43,232 cost to a midrange home and 57.1 percent of its $81,515 cost to an upscale home. Adding a bathroom within your home's existing footprint, which has a much lower cost, is likely to yield more value versus its cost, especially if you're adding a second bathroom to a one-bath house.

Installing new windows.
Many homeowners mistakenly believe that installing new windows will cut costs for heating and air conditioning, but it usually takes many years to get back the cost in energy savings. While new windows may improve your home's look and feel with more natural lighting, they rarely add as much value as they cost. A 2015 survey by the National Association of Realtors estimated that installing new vinyl windows would recoup 80 percent of the $15,000 cost when the home sells, but only installing wood windows would reap 58 percent of the $26,000 cost. Remodeling magazine's Cost vs. Value report estimated that new windows would regain about 70 percent of their cost in an upscale home, whether the windows were wood or vinyl

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Your Social Security statement tells you what you can expect to receive at age 62, 66 (or 67) and 70. If you quit work before 62, those projected amounts may change. That's because the amount is based on your 35 top-earning years. (And it's worth remembering that generally, your later years will be your highest-earning years.) If you started late in the workforce, or didn't work consistently – say, you took some years off to raise children, or you came to the United States partway through your career – you may not have hit the magic number of 35. The years you don't work, or have reduced income, will be factored in to your benefits. So you may well *lose* money for every year you defer collecting. Talk to the Social Security Administration to get the details for your particular case.

6. It may take a bite out of your spouse's benefits.
Let's say you've always earned more than your spouse. If you die first, the Social Security benefits you're collecting will go to your surviving spouse for the rest of his or her life. (That's after age 60, unless your spouse is caring for a child under the age of 16 or disabled – in which case, he or she will get benefits sooner.) If you've started collecting before your full retirement age, you'll be getting a lower amount – and that's what your surviving spouse will then collect. "Early claiming results in lower benefits over longer lifetimes: lower benefits for the earner, lower spousal benefits and lower survivor benefits," says Charlotte A. Dougherty, CFP, Dougherty Associates, Cincinnati, Ohio.

7. An early retirement package might not fill your needs.
That golden (or silver) handshake could be less lucrative than it looks. Before you sign the offer, examine the details carefully. Is the amount enough to see you through? If you'll need to tap into your 401(k) before you reach retirement age, be aware that there will be tax penalties. Is adequate medical coverage included? If you have to buy COBRA insurance until you're eligible for Medicare, that won't come cheap. Buying Affordable Care Act insurance through the health insurance marketplace may not be inexpensive either, depending on your financial situation, and conditions in this market is about to change with the partial repeal of the law. You'll probably need a financial professional to walk you through the options.

8. It's hard to go back.
If you change your mind after you take early retirement and want to return to the workforce, it won't be easy. Whether you quit your last job or were laid off, finding new employment when you're over 50 can be a struggle. If you do manage to snag a job, chances are it won't pay as well as the one you left.

The Bottom Line
Clearly, there's a lot to consider as you approach retirement. If you have questions (and you should!), just keep asking the experts: the Social Security Administration, tax consultants, financial professionals. And bear in mind this reassuring note from the Social Security website:
"If you are younger than full retirement age and if your earnings exceed certain dollar amounts, some of your benefit payments during the year will be withheld. This does not mean you must try to limit your earnings. If we withhold some of your benefits because you continue to work, we will pay you a higher monthly benefit amount when you reach your full retirement age."
So that should give you something to look forward to – along with the not-having-to-work part and the bucket list.

THE QUARTER IN BRIEF

The opening quarter of 2017 was a historic one for Wall Street as the Dow Jones Industrial Average topped 20,000 for the first time. Equities rallied through January and February, then lost momentum in March; even so, the S&P 500 had gained 5.53% YTD when the quarter ended. The Federal Reserve raised the federal funds rate for only the third time in a decade, in response to strengthening inflation pressure and other signals of economic acceleration. Consumer confidence remained high. Commodities had a decidedly mixed quarter. New home sales improved, while existing home sales tapered off. The U.K. took another step toward its Brexit; the U.S. left the Trans-Pacific Partnership. Wall Street kept its hopes up for tax reform and lighter business and banking industry regulation.[1,2]

DOMESTIC ECONOMIC HEALTH

As the stock market climbed, so did the Conference Board's consumer confidence index. By March, it had reached an astonishingly high mark of 125.6. The University of Michigan's household sentiment index declined from 98.5 to 96.9 across the quarter, but it remained well above its historical average of 86.0.[3,4]

Factory and service sectors expanded nicely during Q1, according to the Institute for Supply Management. The Arizona-based organization's manufacturing purchasing manager index was at 56.0 in January, 57.7 in February, and 57.2 in March. Its service sector PMI (the March number was not available at this writing) came in at 56.5 in January and 57.6 in February. All these numbers indicate solid growth.[5,6]

One other sign of economic growth, of course, is inflation. In Q1, it became more palpable. By February, the Consumer Price Index had risen 2.7% in a year (the annualized advance on the core CPI was 2.2%). Producer prices were up as well. The headline PPI showed a 2.2% yearly advance in February, with core prices gaining 1.5% over 12 months.[3]

Currently available data shows tepid consumer spending at the beginning of 2017. Personal spending was up just 0.2% in the opening month of the year and only 0.1% in February. Consumer incomes, however, rose 0.5% in January, then 0.4% in February. Households sent headline retail sales 0.6% higher in January, but only 0.1% a month later. There were gains in durable goods orders in both January (2.3%) and February (1.7%).[3,7]

January's Department of Labor jobs report showed the headline jobless rate at 4.8% and the U-6 rate measuring underemployment at 9.4%; a month later, those unemployment rates were respectively lower at 4.7% and 9.2%. Hiring was strong in both January and February, with 238,000 net new jobs added to payrolls in the first month and 235,000 net new jobs added in the second.[8]

All this data encouraged the Federal Reserve to make its first interest rate move of the year. On March 15, it announced a widely expected, quarter-point hike, taking the federal funds rate to a target range of 0.75-1.00%. As Fed chair Janet Yellen told the media after the policy announcement, "The simple message is, the economy is doing well." Investors who assumed the hike was coming scrutinized the Fed's dot-plot forecast for any 2017 changes; they did not find any. Two incremental rate increases are still projected before the year ends.[9]

Elsewhere in Washington, President Donald Trump signed an executive order commissioning a review of the Dodd-Frank Act. As Q1 ended, hearings on portions of Dodd-Frank were set to start in early April, with a chance of reform legislation being introduced in Congress during Q2.[10]

GLOBAL ECONOMIC HEALTH

In late March, the United Kingdom formally triggered Article 50 of the Lisbon Treaty – the beginning of the Brexit, if you will. It now has until April 2019 to negotiate the terms of its departure from the European Union. Will it retain single market access after the Brexit, so that its citizens can keep working and living in other E.U. countries without visas? Or will it make a "hard" Brexit, a divorce dictated by court decisions and/or World Trade Organization rules that would cause its people to lose E.U. citizenship rights? In April, the negotiations begin. The euro area jobless rate stood at 9.5% as of February, a low unseen since May 2009. Eurostat estimated an inflation rate of 1.5% for the euro area for March, an 0.5% decline from February.[11,12]

As the United States left the Trans-Pacific Partnership during the quarter, Asia-Pacific nations seeking a regional trade pact turned to Plan B – Plan B being the Regional Comprehensive Economic Partnership. This free trade agreement, now in negotiation, would bring China, Japan, and India into an economic accord with 13 other Asia-Pacific neighbors, including some of the region's poorest nations, such as Myanmar and Laos. Asia-Pacific manufacturing purchasing manager indices improved as Q1 ended, with China's official PMI advancing 0.2 points to 51.8 in March for its best reading since April 2012. Japanese and Indian factory activity also accelerated in March, with India's PMI hitting a 5-month high.[13,14]

10 Ways to Save Money on Spring Cleaning

Spring cleaning can be time-consuming, but it doesn't have to be money-consuming too.

As you set out to renovate, refresh and re-energize your home, use these tips and tricks to save money on your spring cleaning checklist.

Score discounted cleaning supplies

You may already have many cleaning products, but need to make a purchase of other necessities. April is one of the best times to buy a vacuum. We've already spotted deals happening at places such as Amazon and Shark.

Rent equipment

If you'll be using your cleaning supplies only for a limited time, consider renting your equipment. You can rent floor equipment — such as sanders, polishers and carpet cleaners — from home improvement stores like Home Depot or Lowe's. Or, when possible, borrow equipment from a friend or neighbor for an even more affordable alternative.

Sell your old stuff

Once you've gone through your closet and found more than a few pairs of jeans that no longer fit, make a pile of things you can sell. Consigning your closet is as easy as snapping a pic and listing an item for sale via an app. Some of our favorite apps for selling include ThredUP, Poshmark and Vinted. With these, you can sell (and buy) secondhand clothing and accessories.

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4 Ways to Pay Down Student Debt

If you've read any of the student-debt success stories circulated in the media lately, you might think the only way to pay down your debt is to give up coffee, your social life and your apartment.

"It seems like borrowers are told that they have to live on beans in a shantytown and pay off their debt as quickly as possible," says Minnesota-based certified financial planner Mark Struthers. "This is not true and may be counterproductive."

It can take some borrowers decades to fully rid themselves of their student debt. But as Struthers notes, for most borrowers, "it's about balance" rather than tactics that leave you scrounging for loose change just to get by.

Here's how you can pay off your debt while also keeping your sanity in check.

SIGN UP FOR AN INCOME-DRIVEN REPAYMENT PLAN

For borrowers who are struggling to meet their monthly federal loan payments, income-driven repayment plans are a way to rein in payment amounts. The plans generally cap your payments at 10% or 15% of your

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Quote

"Certainly we shall have to look to ourselves, and try to find some one who will help in some way or other to improve us"

- Plato

Riddle

(Answer below Interesting Facts)

Bruce owns a pet store. He puts one canary per cage, but has one bird too many. If he puts two canaries in each cage, he has one cage too many. How many cages and canaries does he have?

Interesting Facts

-A group of 12 or more cows is called a flink

- Every year about 98% of atoms in your body are replaced

- Ketchup was sold as medicine in the 1830's

- Chewing gum while peeling onions will keep you from crying

- There is a city called Rome on every continent

- Over 75% of people that read this will try to lick their elbow

Answer To Riddle:

Bruce has 3 cages and 4 canaries

How Can I help You?

Please give me a call and let me assist you and your family!

(10 Ways to Save Money on Spring Cleaning continued…)

Use homemade tricks

The Internet is full of hacks for making homemade cleaning supplies — and even cleaning solutions. Before you buy, try out a homemade trick or two. The folks at Molly Maid, for instance, shared a few of their tips: Clean stainless steel with baby oil, repurpose used dryer sheets as dusting rags, and use charcoal briquettes in your car as a substitute for air fresheners.

Refresh what you already have

In some cases, it doesn't have to be out with the old and in with the new during spring cleaning season. Rather than buying new decor and supplies, try refreshing what you already have first. Add a stain to that old wooden table. Paint your dresser a bold new color. Updating your existing furniture will cost considerably less than replacing it.

Hold a yard sale (and shop one)

Take all of those clothes and electronics that you'd ordinarily just throw away and hold a yard sale instead. Expect lots of garage sales to pop up this time of the year. After you hold your own, use your earnings to shop someone else's and get discounted apparel, furniture and more.

Donate to charity

For everything you don't sell or throw away, make another pile for items to donate. Pick a nonprofit or local charity and give away some of your excess to those in need. Not only will you feel good, but you can also write off your donations on your taxes. Remember to get a receipt of your donation for your records.

Wait to buy new

If your spring cleaning uncovers a major leak, dent or other defect that cannot be fixed, it may be time to invest in some fresh furniture and appliances. But don't spring for them just yet. If possible, push off your major household purchases until May. We're likely to see big deals (we're talking easily 60% off) on home furnishings, mattresses and more over Memorial Day weekend.

Utilize credit card rewards

If you'll be making any major purchases this spring (or anytime, for that matter), remember to shop with the right credit card. Matching your credit card to the store you're shopping at or the product you're purchasing can help you maximize savings and increase potential cashback rewards. In some instances, you can register your purchase for price protection in the event the price drops after you buy.

Clean up your wallet

Finally, while you're cleaning everything in your home, don't forget to clean up your wallet too. This means getting rid of expired coupons, but it can also mean adding new rewards cards. Registering for free loyalty programs — especially from stores you shop at frequently — can help you save big in the long run. The My Best Buy program, for instance, gives members one point for every $1 spent. Points can eventually be redeemed for rewards certificates toward the electronics store.

Need help knowing where to start? Check out our list of the seven best spring apps that can help you do things such as stay on task and find instructions for home improvement projects. Once you create a list of everything you need to get done and decide which chores you can tackle yourself, you'll be ready to start cleaning — and saving.

(4 Ways to Pay Down Student Debt continued…)

income and can be as low as $0 per month. Plus, any balance left after your loan term ends is forgiven. All are free to enroll in.

Before signing up for such a plan, consider a few key details: It extends your loan term to 20 or 25 years from the standard 10; you have to recertify every year to stay on it; and any forgiven amount is taxed as income.

Chances are good that you qualify for at least one of the six repayment plans. REPAYE, for example, is open to all borrowers with federal Direct loans, regardless of income. Depending on your circumstances, you may also qualify for other forgiveness programs, like Public Service Loan Forgiveness or teacher forgiveness. Under those programs, you'd generally earn forgiveness after five to 10 years. If you're eligible, doubling up on income-driven repayment and forgiveness will save you the most.

Contact your servicer or log into your account on the Department of Education's website to apply for income-driven repayment and forgiveness programs.

REFINANCE YOUR STUDENT LOANS

Student loan refinancing functions a lot like refinancing a home or auto loan, allowing qualified borrowers with high interest rates to land a better deal. Unlike home and auto refinancing, though, student loan refinancing has only been around for a few years, so many borrowers aren't familiar with the process.

Here's how it works: A lender buys out your existing student loan or loans, and issues you a new one with new terms. If you get a lower interest rate, you'll save the most money long-term. For example, if you refinanced your $50,000 loan from a 7% interest rate down to 4%, you'd save nearly $9,000 and lower your monthly payments by about $75 over 10 years. And if you can afford to opt for a shorter term, you'll save even more. If you have federal loans, though, consider excluding them, because refinancing those loans would mean giving up federal borrower protections, like income-driven repayment and forgiveness programs.

In general, you'll need a steady income, a low debt-to-income ratio and a credit score of 650 or higher, or access to a co-signer, to qualify for refinancing.

AUTOMATE YOUR PAYMENTS

Many lenders will give you a 0.25% interest-rate point deduction when you sign up for auto-debit. For a $30,000 loan with a 10-year term that carries a 5% interest rate, for example, you'd save nearly $450 — just for automating your payments. As long as you have a steady source of income, it's an easy way to save, and it'll keep you from missing payments. And if you can afford to sign up to pay more than your minimum, you'll save more and pay off your loans faster.

But, as Tim Baker, a Baltimore-based certified financial planner, notes, some borrowers may want to stick to the minimum payment if they have other financial priorities. If you're trying to pay off your credit card debt or save for your wedding, for example, it might make more sense to use your funds to meet those goals first.

Contact your servicer to find out if your loans are eligible for an auto-debit discount.

CONSIDER A BIWEEKLY REPAYMENT SCHEDULE

If you can't get an autopay discount and you get paid every two weeks, as over a third of working Americans do, consider switching to biweekly payments to pay down your student debt faster.

On this schedule, you would pay half of your minimum payment every two weeks. With 52 weeks in a year, you'd end up making 26 half-payments, or 13 full payments, each year. If your loans have a typical 10-year term, you'd be debt-free at least nine months sooner than if you stuck to your monthly payment plan. Plus, you may find those smaller payments a bit easier to stomach. Just make sure that you satisfy your minimum payment amount by the due date; otherwise you'll get hit with late fees.

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By Barbara Peck March 9,2017
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Disclosures